InnoSight Financial Planning

Where Research Meets Retirement

Built for a Buyer, Retiring as a Seller

The skill that built your wealth is a buyer's skill. The day you retire, you become a seller.

For accomplished investors five to ten years from retirement. This is about the one risk that flips the day you stop adding to your portfolio and start living on it, and what to do before it does.

A RESEARCH BRIEF FROM INNOSIGHT FINANCIAL

The game is about to change underneath you.

You did not get here by playing it safe. You held when others sold, and the market proved you right. So let me ask you the one question that has nothing to do with whether you are a good investor, because you have proven that.

You know exactly how you would handle a 2008 while you are still working. You would hold, and buy more. Now answer this one. **Do you know, to the dollar, how you would handle a 2008 while you are living off the money instead of adding to it?**

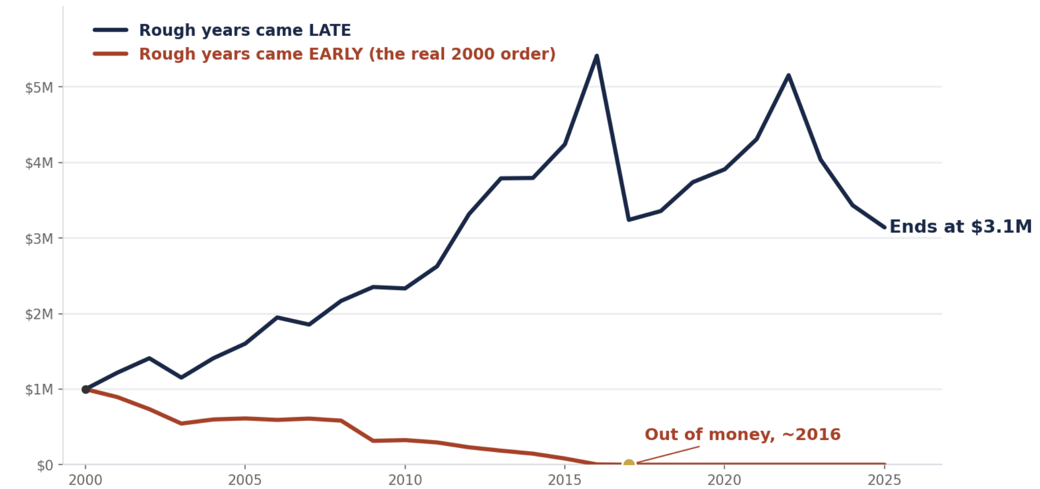
Most people who have done as well as you cannot answer that, because they have never had to. That is the whole point. The game is about to change underneath you, and not in a way you can see from where you stand.

Nothing about the market changes when you retire. You do.

For thirty years you were a buyer. A crash was a gift: you bought the same shares on sale. The day you live off the portfolio, you become a seller for the first time in your life. Now a crash means selling your shares at the bottom to pay for your life. Same market, opposite result. The only thing that moved is which side of the trade you are on.

Same returns. Same spending. Opposite outcome.

Two retirees. The same $1,000,000, the same income, the same 25 years of returns (2000-2024, 9.3% a year).
The only difference is the order the years arrived in: one hit the rough patch early, the other late.



Source: S&P 500 total return, Robert Shiller (Yale). $50,000 initial annual withdrawal growing 3%/yr. Identical return set, reversed order.

Picture two retirees. Each starts with $1,000,000, invested the way you are, heavily in stocks, and draws the same income. Both live through the same twenty-five years of market returns, 2000 through 2024, a stretch in which the market averaged a healthy 9.3% a year. The only difference is the order the years arrive in. One gets the rough start the market delivered, the dot-com crash and then 2008. The other gets those same years in reverse, with the rough patch near the end. The returns were identical, and so was the income. The first runs out of money around year sixteen. The second dies with more than $3,000,000.

> ***The market did fine. Only the timing was different.***

And you cannot dodge it. A bear shows up about every six years, so one landing in your first decade of retirement is close to a certainty, not a risk. The only question is whether you are a buyer or a seller when it arrives.

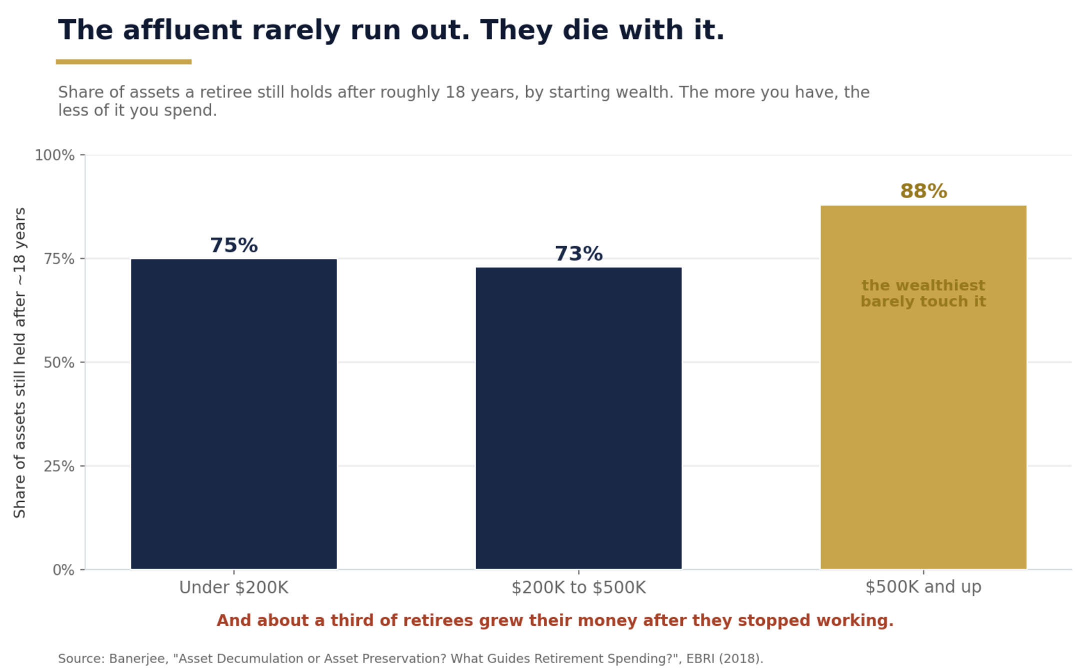
Almost no one prepares for this, because it does not exist while you are working. The first decade of retirement decides nearly everything. Retire into a bad stretch while you are drawing income and you may never recover, even after the market does. And the market is not your portfolio. After the 2000 peak, the technology sector took more than seventeen years to climb back to even. An index recovers because it drops its losers and adds new winners in their place; your own holdings get no such mechanism, and a position concentrated where yours is can take longer still, or never come back at all. It appears the moment you start withdrawing, and by then it is too late to undo.

The famous 4% rule was not built for someone invested like you.

The safe-withdrawal rule you have heard about was never meant for someone invested like you: the more of your money is in stocks, the lower your safe number, not higher, because once you are withdrawing the swings become the enemy. The fix was never to flee to bonds. It is the timing of your exposure that matters, not whether you own stocks. And spending less while leaning on Social Security is not the escape hatch it sounds like; the cut you would need runs deeper and lasts longer than you think, and Social Security floors a bare-bones life, not the one you saved for.

So what was the money for?

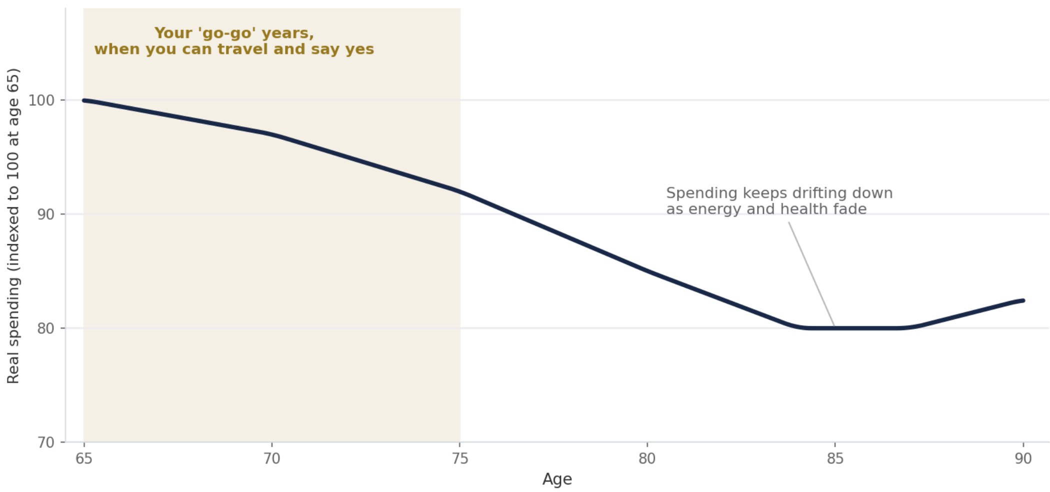
Not so the number could be large on a screen. So that one day you could be free.



Here is the trap, and it is the opposite of what every advisor warns you about. You are not going to run out. People like you almost never do; the affluent tend to die with most of their money untouched. The danger was never the empty account. It is reaching the end with more than you started, having spent your one good decade braced for a disaster that never came for you.

The years you can use the money are the early ones.

Real (inflation-adjusted) retiree spending falls about 1% a year through retirement. Illustrative of the "retirement spending smile" (Blanchett 2014): the decline eases late as medical costs rise.



Illustrative of Blanchett, "Exploring the Retirement Consumption Puzzle," Journal of Financial Planning (2014). Shape, not a forecast.

Because the years you can use the money, while you still have the health and the energy to travel and to say yes, are the early ones. They are the most valuable and the fewest. Spend them anxious, cutting back, waiting for the market to come back, and it will come back.

> ***You get the recovery. You do not get the years.***

The cruelest version of this is not the man who goes broke. It is the one who did everything right, died with more than he started, and spent his best decade afraid to enjoy a dime of it.

The fix is not less aggression. It is aggression in the right order.

The fix is not to become a conservative investor. You earned your edge and you do not have to surrender it. You sequence it. You protect the income and the years you cannot afford to gamble, so a bear becomes background noise again, something that happens to the growth money and not to your life. Then you stay as aggressive as you like with everything above that line. The point is not less ambition. It is ambition in the right order.

You have already won the game that aggression wins. The question was never whether you are a good investor. It is whether your plan is still built for the buyer you were, or for the seller you are about to become.

References and methods

Figures. Figure 1: $1,000,000, 100% S&P 500 total return (Robert Shiller, Yale), $50,000 initial annual withdrawal growing 3% a year; the identical 2000-2024 return set run in actual versus reversed order (author's calculation). Figure 2: illustrative of the retirement spending smile (shape, not a forecast). Figure 3: share of assets a retiree still holds after roughly 18 years, by starting wealth. Health and wellbeing findings are reported as associations, not proof of cause.

1. Kitces, M. & Pfau, W. (2015). "Retirement Risk, Rising Equity Glidepaths, and Valuation-Based Asset Allocation." *Journal of Financial Planning*, 28(3). (Sequence-of-returns risk; the first ~15 years of retirement dominate the outcome.)
2. Pfau, W. & Kitces, M. (2014). "Reducing Retirement Risk with a Rising Equity Glide-Path." *Journal of Financial Planning*, 27(1). (Protecting the early years and adding risk later improves worst-case outcomes.)
3. Cooley, P., Hubbard, C. & Walz, D. (1998). "Retirement Savings: Choosing a Withdrawal Rate That Is Sustainable." *AAII Journal* (the "Trinity Study"). (Origin of the 4% rule; the authors recommend keeping at least half in stocks.)
4. Morningstar (2024; 2026). *The State of Retirement Income*. Blanchett, D. & Arnott, A. (The current safe starting rate, about 3.9%, assumes a 30-50% equity portfolio.)
5. Blanchett, D. (2014). "Exploring the Retirement Consumption Puzzle." *Journal of Financial Planning*, 27(5). (Real retiree spending declines about 1% a year.)
6. Banerjee, S. (2018). "Asset Decumulation or Asset Preservation? What Guides Retirement Spending?" *EBRI Issue Brief*. (Retirees, and the affluent most of all, preserve the bulk of their assets.)
7. McInerney, M., Mellor, J. & Nicholas, L. (2013). "Recession Depression: Mental Health Effects of the 2008 Stock Market Crash." *Journal of Health Economics*, 32(6). (Market losses in later life are associated with reported wellbeing effects.)
8. Yardeni Research. "Stock Market Briefing: S&P 500 Bull & Bear Markets" (Standard & Poor's data). (Bear-market frequency and time to recover.)
9. S&P 500 Information Technology Index (Standard & Poor's). (The technology sector peaked in March 2000 and did not regain that level until roughly 2017, over seventeen years.)

So I will leave you with the question I opened with. Do you know, to the dollar, how you would handle the next 2008 while you are living off your money instead of adding to it? If the answer is "not yet," that is the hour worth spending.

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I watched my PhD advisor lose half his retirement in 2008. His hair turned white in six months. That image is why I left a Fortune 500 R&D leadership role to help accomplished people carry their winnings across the finish line, and live the years they saved for.